

Minutes - The Blue Mountains Special Council Meeting



MEETING DATE: January 19, 2010, 2:00 pm

LOCATION: Thornbury Firehall No. 1

PREPARED BY: Stephen Keast, Clerk

A. Call to Order

- Deputy Mayor McKinlay called the special meeting to order with all members in attendance save Mayor Anderson, absent due to injury and Councillor Martin, absent due to vacation.

Also in attendance was CAO Paul Graham, Director of Financial & Information Services Rob Cummings, Capital Accountant Darcy Chapman, Director of Recreation Shawn Everitt, Fire Chief Ron Doherty, Director of Special Projects (Sustainability) Peter Tollefsen, Director of Engineering and Public Works Reg Russwurm, Manager of Water and Wastewater Services John Caswell, Director of Building and Planning Services David Finbow and Library CEO Carol Cooley.

- Approval of Agenda:

Moved by: R.J. Gamble Seconded by: John McKean

THAT the special meeting Agenda of January 19, 2010 be approved as circulated, including any items added to the Agenda, Carried.

- No member declared a pecuniary interest with any matter as listed on the Agenda.

B. Development Charges Workshop

Capital Accountant Darcy Chapman then recounted previous consideration of development charges (dc) including timing of payment, noting Staff Report FIS.10.06 is a re-release of a previous Report considered in closed session.

Darcy then noted the Report had been discussed with the development community.

Councillor McGee then questioned the 95%/5% residential/non-residential dc ratio and how it was arrived at, Darcy explaining 2,100 units of growth are proposed over the next ten years, with three people estimated per unit at a population growth projection of 6,300 persons. Darcy further noted Town-specific

StatsCan employee ratio per residential unit is 0.4. Darcy then explained this ratio was discounted by 50% to 0.2 employees per unit as there is expected to be limited growth in such areas as orchard and ski hill expansion. The 2,100 unit growth is then multiplied by the employee factor of 0.2 to arrive at a projected employee growth over ten years of 420, added to the projected 6,300 residential population growth for a total of 6,720, 6,300 representing 95% of the combined residential/non-residential growth and 420 representing 5% non-residential growth.

Deputy Mayor McKinlay then questioned how the estimate of non-residential floor area growth was arrived at, Darcy noting in the Town it has been calculated that approximately 35 m² of non-residential floor space is provided per employee, with 420 times 35 m² equalling the estimated growth of 15,000 m² non-residential floor space over the next ten years.

Duncan then questioned if it was estimated that all new employment would be commercial, Darcy replying it is a non-residential estimate.

Duncan then questioned if 120 new tourism jobs would each utilize 35 m², Darcy replying perhaps not but this is the Town average.

Darcy then noted the 2005 Background Study used less clear methodology with the 2009 Study using actual data, the 2005 Study also not resulting in the collection of sufficient dc funds for either residential or non-residential. Darcy then noted the 2005 Study contained unit projections that were too optimistic with capital cost estimates that were increasingly out of date.

Councillor McGee questioned if we knew a total number of employees who live in Town, Darcy replying we do not as they are only considered while working in Town. Councillor McGee then noted if employees lived and worked in Town the residential dc component would already have been paid, Darcy replying the non-residential dc does not pay Recreation or Library charges but would pay other service charges.

Councillor McGee then noted regarding roads costs, if we do not have any non-residential development, residents will drive past vacant sites to other destinations and there would be more use of Town roads, Deputy Mayor McKinlay noting the biggest impact of non-residential traffic is turning on and off roads with turning lanes and intersection improvements a great expense.

Councillor McGee then noted larger development would pay for turning lanes and questioned if the proposed methodology was applicable, Darcy noting the commercial rates will be discussed.

Darcy then began his presentation and reviewed topics to be considered.

Darcy then reviewed previous consideration of the Background Study as well as steps followed to date.

Darcy then recounted an October 28, 2009 meeting with the Mayor, Deputy Mayor, CAO and members of the development community regarding timing of payment of dc's, the single concern noted by developers.

Darcy then recounted a December 14, 2009 Staff Report which examined alternative methodologies in calculating non-residential dc's, it being concluded alternatives would further skew the non-residential dc rate.

Darcy then noted the timing of payment would be a stand-alone policy and would not be embedded in the By-law.

Darcy then reviewed areas of concern to Council previously forwarded to Staff for consideration.

Darcy then reviewed dc legislation, noting the Town must estimate any growth for all types of development, being residential and non-residential and therefore cannot assume that non-residential development is a product of residential development.

Darcy then noted the increase in the need for service attributable to anticipated development must be estimated for each service and reviewed the various studies that have been completed to address growth, including Servicing Reports, Fire Master Plan and Long Term Capital Plan, all of which were supplied to Hemson Consulting and used in preparation of the Background Study. Darcy further noted that once development designations were entrenched in the Official Plan it is recognized that development will occur.

Duncan then noted concern with Road Needs Studies and accompanying road deficiency ratings for existing levels of service and questioned if roads should be maintained at existing deficiency levels with construction only on new roads, Darcy replying that would be a decision of Council, adding a Road Needs Study assumes all roads will be brought up to 100% standard.

Darcy further noted that with growth and increased traffic, road improvements will be required unless Council authorizes a reduction in service levels.

Duncan then questioned if standards should in fact be changed, for example open ditches which would increase infiltration rather than drainage to Georgian Bay, which might save \$5 million across the capital project list.

Darcy then noted the consultants worked with existing policies and standards, adding dc rates in all area municipalities have increased significantly due to servicing requirements.

Duncan then questioned if proposed road projects could be delayed if development does not occur, Darcy replying certainly and some items have been deferred recently give the reduced collection rate.

Duncan then noted servicing has to precede development but other matters could follow, Darcy noting eventually when the 8,919th buildout unit pays the last dc, the debt for capital projects will be paid off and the key is to manage the debt, Duncan noting any outstanding debt in the case of a development slowdown will have to be managed in some way.

CAO Paul Graham then noted the Town could carry debt or as an alternative the development community could be requested to assist on projects do not proceed.

Councillor McGee then questioned how does Council determine or calculate an increase in the need for service, Darcy noting the employee ratio review at the beginning of the meeting was the service review, adding the methodology must be and is considered to be defensible, acknowledging it places increased pressure on non-residential development.

Duncan then noted he could see how the non-residential calculation could have more of an impact when considering usage, adding the previous Background Study considered four different rates although the date was not seen as reliable. Darcy then recounted consideration of servicing consumption which skewed the non-residential rate further than the employee methodology.

Cameron then questioned if Council could consider non-residential on some sort of sliding scale, Darcy noting that would be reviewed.

Darcy then noted the increase in need for service attributable to growth cannot exceed the average service level over the past ten years., that is to say existing and new growth development all receive the same service level.

Darcy then noted any dc related increase in service must be reduced by the extent it would benefit existing development, and for example the Town has discounted a portion of upgraded fire vehicles and the public works yard that is deemed to replace the existing facility.

Duncan then noted road projects have an impact on development as well as taxation, Darcy noting the roads capital projects total \$75 million with a taxation share of \$2 million.

Darcy then noted the capital cost of all soft services must be reduced by 10% for dc collection. Darcy then noted the Town may also phase-in or discount dc's but has not yet done so, adding any shortfall from phasing or discounting cannot be made up from other dc's and would have to be addressed by user fees or taxation.

Cameron then questioned if Council could consider a sliding scale or percentage of dc's collected at various times, Darcy replying that somewhat reflects current collection practices with hard services at the development agreement stage and soft services collected at permit issuance.

Cameron then questioned if we could consider dc collection at a specific timeframe rather than waiting for possibly 20 years, Darcy replying the hard services are the most costly and the difficulty for developers is financing the initial construction, Cam suggesting the developers could pay a percentage up front and at certain stages through development unless a property is sold, Duncan noting the servicing still has to be constructed prior to any sale, Paul noting in the past we have collected dc's and have also had developers up-front servicing costs.

Duncan then stated if this is what it takes to encourage new development do we proceed to attempt to offer solutions or do we let market forces determine development. Duncan further noted dc's are a part of land cost and if it is deemed to be too expensive to develop, perhaps development can wait for the market to recover, adding the development community did not question the amount of the dc but rather timing of payment.

Darcy then noted it is believed that dc's do not impact development where development is occurring.

Cam then questioned if these parameters could be changed in the next dc By-law, Darcy replying yes and there will be an updated Official Plan in five years which also may feature increased intensification which would reduce servicing costs per unit. Duncan then noted history has shown that larger lots at a lower density have generally been demanded in the area.

Cam then noted developers are having trouble with financing and perhaps a sliding scale for dc costs would assist with development proceeding, Darcy noting the Town has offered pre-servicing agreements in the past where securities are not required until plan registration but the current regime is funds from lots sold after registration go to pay servicing costs and there is a cash flow problem for smaller developers, Duncan noting that may be a message from the banks.

Councillor McGee then noted if the current situation is not appropriate for development then perhaps we should wait for the next five year By-law and let the current inventory of vacant lots develop prior to any significant capital

investment. John continued if the proposed rate is too high we should review the capital plan and only include what we determine has to be done to prevent impact on taxation.

Duncan then noted if we remove too much capital investment we may be facing an infrastructure deficit in 20 years that would have to be addressed through taxation.

Councillor McKean then noted the municipality has matured in terms of what is required of new development and current engineering standards, Councillor McGee clarifying he would not suggest removing projects unless based on best assumptions.

Duncan then noted we could not remove roads but could reduce service levels through redesign of projects.

Councillor McGee then noted we could reconsider assumptions and standards for development and then consider the next dc By-law.

Darcy then reviewed developer front-ending agreements, noting the agreement would have to address a project identified in the Background Study, Paul adding projects outside the Study could also be negotiated.

Darcy then reviewed documents and studies used in compiling the roads, water and sewer capital program. Darcy noted there has to be development related to a dc road to have the service level increased, conversely, it is difficult to remove any capital projects that are required to provide service levels to new development.

Duncan then questioned if you could area-rate projects for water and wastewater, Darcy replying yes, Duncan then questioned roads, Darcy replying no. Darcy then clarified no-one outside a water and wastewater service area would receive those services but everyone can use the road network.

Duncan then questioned if we have dc roads that require a direct developer contribution such as Jozo Weider Boulevard, Darcy replying in that case Intrawest requested increased service levels and a 70-30 costing was negotiated, versus the usual 90- 10.

Darcy then noted Old Lakeshore Road is the only 100% dc road as it is a dead end road fronting development land.

Duncan then noted the 12th Sideroad would be expensive to rebuild, Darcy replying Castle Glen is proposed for 1,900 units with commercial and will generate significant traffic increases, Duncan noting development in all areas of the Town would contribute to the reconstruction and perhaps Castle Glen could

contribute a greater percentage. Darcy then noted with 1,900 units, if Castle Glen up-fronted the construction costs they would receive a dc credit and we would not receive any contributions to other projects. Darcy noted the 1,900 units represent approximately 22% of buildout and road construction costs represent approximately 22% of the capital roads plan so it would equal out either way.

Darcy then reviewed impacts of the Background Study on taxation, noting the 2,100 projected units could result in a total increase in tax revenue between 2009 and 2018 of \$12,665,000.

Darcy then noted the Background Study indicates a total non-dc cost of \$3.6 million representing the 10% discounted share representing benefit to existing residents, but at the end of the ten year period the Town should be in a positive position given increased tax revenues and there should be no impact on taxation. Darcy further noted if the projected growth does not occur the Council of the day would decide on proceeding with capital projects, as infrastructure to be constructed should impact taxation.

Duncan then questioned if there were any tripping points that might be identified such as a new Castle Glen firehall, Darcy replying the cost of service per property is identified in the Financial Information Return and each new unit will provide an increase in revenue with any new infrastructure to increase operating costs.

Darcy then noted so long as growth occur, the indicated revenue and costs will occur, Duncan noting the concern is with large projects and growth not occurring. Darcy then replied there was concern with large, 10% discounted projects but the Indoor Recreational Facility has been pushed well out, with the only other being the Works Yard expansion due to growth.

Cameron then questioned if the propose 2,100 units of growth include building on existing, vacant lots, Darcy replying no. Darcy then noted 2,100 new lots may come on-stream and pay hard service dc costs and there may be only 50% of these that will be built on and pay soft service costs, but some existing, vacant lots may be built on soft service costs will also be collected. Darcy then noted hard service costs were keeping up with estimates in 2009 but soft service collection will lag.

Councillor Gamble then questioned if there would be an opportunity for tax decreases, Darcy replying by the end of this tax cycle, yes.

Darcy then recounted the history of dc's, noting the original Act was passed in 1989 at the request of the development community to level the playing field. Darcy then noted rates are high in The Blue Mountains but that is the cost of growth in the Town and not maximizing dc cost shares would result in a lower

level of service compared to existing. Duncan then noted developers are selling based on what the community looks like now.

Darcy then acknowledged concern with proposed commercial rates, adding review of alternate methodologies skewed the charges further.

Darcy then reviewed next steps, with and without changes to the By-laws, noting the deadline for passage of the new By-law would be March 31, 2010.

Cameron then questioned if we could split the residential and non-residential charges, Darcy replying two Background Studies would be required to identify which services would be attributable to which dc charges.

Rob then noted we have four different non-residential rates at present and other than the agricultural charge, the more intense uses are not seeing such a great increase.

Duncan then questioned if non-residential dc's were less in Thornbury than residential charges, David noting a comparable area dwelling would be significantly more, Darcy noting both rates are increasing approximately relatively.

Councillor McGee then noted the basic assumption with the non-residential charge is that the amount of service increases with floor area and he does not accept this, adding we could take a non-residential unit as a value equating to a similar sized dwelling.

Darcy then gave an example of a 46 m2 food service shop in the Blue Mountain Village using 2.5 times more servicing than an average dwelling, Councillor McGee noting he was considering services other than water and wastewater and there would have to be several small stores to equal a residential dc.

Darcy then noted the methodology of employee ratio was selected and if the % of non-residential dc's is decreased, the annual new employee count would decrease in the Town proportionately.

Councillor McGee then noted the calculation is based on employee fiction and represents guesswork and is a double hit on both the employee dwelling and then place of employment., Darcy noting the 2000 By-law had a non-residential flat rate, the 2005 By-law having four rates increasing by intensity.

Cameron then noted we have to try to balance economic development efforts with dc's and everything else we do and non-residential development would pay dc's and user fees and it may result in new development going elsewhere, Rob noting the market is here.

Councillor Gamble then noted from the proposed non-residential rates it would appear if we were trying to attract new development to Town they would likely locate in the Craigleith area and then likely spend their money in Collingwood, Darcy noting Thornbury West and Clarksburg Service Areas face the reality of requiring significant servicing infrastructure upgrade.

Duncan then noted we cannot anticipate business decisions and we cannot level out charges given individual Service Area requirements.

Councillor McGee then stated he felt residential development drives commercial development and if residential does not occur than commercial will not happen. John then noted if commercial development benefits the whole Town then it would make sense to have a uniform rate across the Town.

Darcy replied we could not have a uniform charge with nine different Service Areas and if we try to lessen pressure on non-residential rates, all the rates would decrease at the same rate, adding the Craigleith Service Area is currently fully serviced.

Councillor McKean then stated Council should let the development community work it out and development will occur where developers will make the most return.

Paul then noted that commercial development over the last ten years has essentially been at the Village at Blue at a dc rate of \$85 per m² and if Thornbury didn't develop at \$85 per m² it will not develop at \$185 per m² and people may shop in Meaford or Collingwood, other than those wishing the Village experience. Paul then noted we need commercial development to build a community.

Paul further noted it might be better to discount the commercial projections and achieve 210 new employees over the ten year growth period.

Duncan then stated it is difficult to imagine creating 40 new jobs per year in each of the last five years and questioned if it would be closer to 20 new jobs per year and how would this impact the non-residential rate, Darcy noting the non-residential rate may be reduced by 40% with increase residential rates to subsidize the commercial, adding perhaps it might be better if the 20 jobs were realized.

Duncan then stated he did not believe the number of residences and number of jobs relate to each other, Darcy noting the average at present in Town is 0.8 employees pre residence with the Provincial average 1.2%.

Paul then asked if the commercial rates dropped 40% what would the impact be on residential charges, Darcy replying a couple %, Paul noting the residential impact would be minimal but significantly helpful with non-residential.

Darcy then noted the By-law must be based on Council's desire to implement a reasonable charge and create a document that will last five years and that is substantiated and defensible.

Cameron then questioned if we assume no new non-residential activity because of the rates would residential pay 100 % of charges, Darcy replying that is not permitted.

Cam then questioned what new commercial development as occurred in the last five years, Duncan noting the Village at Blue, adding dc's are not an economic development tool.

David then noted there has probably been a net reduction in jobs in Town since 2006, Darcy noting it is a question of what demand non-residential uses place on servicing.

Darcy then noted if we went back to multiple non-residential rates, they would all be higher based on servicing analysis and non-residential charges would represent 10% of total.

Cameron then noted if there was no non-residential development the dc's collected would be zero, Duncan noting less capital works would be required.

Councillor McGee then noted he did not like the population calculation but Council could consider other assumptions, perhaps using 0.1 employee per unit but the real issue is we do not have an Economic Impact Study and if Council is satisfied with 20 new jobs projected per year over 10 years we can move forward and consider the matter at the next By-law five years from now. John further noted to consider the impact of non-residential dc's at this time would require a whole new Background Study.

Paul noted we could assume 100 new jobs over the next five years and assess the situation at that time.

Darcy then noted if the 2005 By-law had retained its original rates the current proposed rates would be lower. Darcy then noted if an Economic Impact Study showed the original employee ratio of 0.4 was accurate the next By-law would increase the dc rate significantly.

Darcy then noted over the last ten years there was 60,000 m² of non-residential development with 15,000 m² projected over the next ten years.

David then noted there is 5,000 m² of commercial floor space in the Village at present, 9,625 permitted in total.

Rob then noted a commercial unit is a unit that is drawing on services, Councillor McGee agreeing but questioning tying it into number of employees, Rob replying there was no other way of addressing it.

Duncan then proposed Staff re-write the calculations at 0.1 employee per residence for consideration.

Councillor Gamble then noted if we reduce the non-residential dc rate it might encourage new development, adding commercial pays 2.5 times more tax than residential.

Rob then noted the City of Owen Sound deferred payment of dc's with no new commercial development resulting.

Council then dealt with the following Resolution:

Moved by: Cameron Kennedy Seconded by: John McGee

THAT Council direct Staff to prepare a Report outlining the impact of the StatsCan employment ratio being reduced by 75% from 0.4 to 0.1 employee per residential unit for calculation of non-residential development charges.

In speaking to the Motion, Councillor McKean questioned if the request could meet project timelines, Rob replying Staff would try to complete a Report for the January 25, 2010 Council meeting.

Deputy Mayor McKinlay then requested a recorded vote:

Robert J. Gamble, yay
Cameron Kennedy, yay
John McGee, yay
John McKean, nay
D.R. McKinlay, yay

The Clerk then declared the Resolution to be Carried.

Councillor Gamble then noted Council should consider if there is any way to stimulate employment in the construction industry, particularly in Thornbury West.

C. Staff Reports as circulated

C.1 Staff Report FIS.10.06, Town-wide Development Charges By-law

C.2 Development Charges Background Study – Staff Consolidation Report, October 2009

